



**CALIFORNIA BOARD OF ACCOUNTANCY**

2000 EVERGREEN STREET, SUITE 250

SACRAMENTO, CA 95815-3832

TELEPHONE: (916) 263-3680

FACSIMILE: (916) 263-3675

WEB ADDRESS: <http://www.dca.ca.gov/cba>



# **Special Notice to Licensees & Interested Parties Regarding:**

**Regulation Notice dated July 2004  
Appointment Opportunities to Board Committees  
Board Telephone Directory – New Telephone Numbers**

*July 2004*

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July 2004

Dear Licensees and Interested Parties:

The California Board of Accountancy is making this special mailing for the purpose of communicating **three items of interest** to licensees and other interested parties.

First, a Regulation Notice is enclosed. The Board is issuing a Regulation Notice concerning proposed language to make changes to existing Section 54.1 of Division 1 of Title 16 of the California Code of Regulations. The objective of this proposal is to update Section 54.1 to help ensure that the clients of licensees have the information they need to make informed choices regarding the disclosure of their financial information. The text of the proposed changes is included in the Regulation Notice.

Second, the Board is seeking qualified applicants with diversified backgrounds to serve on either the Administrative Committee or the Qualifications Committee for the year 2005. Enclosed is information regarding the recruitment and application processes.

Third, the Board is in the process of changing many of its telephone numbers. A new telephone roster of pertinent numbers is found on the back page of this publication. This roster became effective July 1, 2004. Any person calling the old numbers will be automatically forwarded to the new numbers for a period of three months. After that initial time, for a period of an additional three months, any person calling the old numbers will reach a recorded message that specifies the new telephone number to be called.

Please note that the Board's main telephone number remains unchanged, and all of the Board's facsimile numbers remain unchanged, as well.

We suggest that you retain this roster for your convenience and future reference. This roster also will be posted at all times on the Board's Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).

Thank you.

## **Regulation Notice**

### **TITLE 16. CALIFORNIA BOARD OF ACCOUNTANCY**

NOTICE IS HEREBY GIVEN that the California Board of Accountancy is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at the Hyatt Regency Hotel, 1209 L Street, in Sacramento, CA 95814 at 2:00 p.m., on September 10, 2004. Written comments, including those sent by mail, facsimile, or email to the addresses listed under Contact Person in this Notice, must be received by the California Board of Accountancy at its office no later than 5:00 p.m. on September 9, 2004, or must be received by the California Board of Accountancy at the hearing. If submitted at the hearing, it is requested, although not required, that 25 copies be made available for distribution to Board members and staff. The California Board of Accountancy, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as the Contact Person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010 and 5018 of the Business and Professions Code and to implement, interpret or make specific Section 5018 of the Business and Professions Code, the California Board of Accountancy is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

#### **INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW**

Business and Professions Code Section 5010 authorizes the Board to adopt, amend, or repeal such regulations as may be necessary for the orderly administration of the Accountancy Act. Section 5018 authorizes the Board to adopt rules of professional conduct.

Existing Section 54.1 prohibits the disclosure of confidential client information without the client's permission and provides narrow exceptions to this prohibition. This proposal would revise Section 54.1 to require that the client's permission be in writing and to provide that, in the event confidential client information may be disclosed to persons or entities outside of the United States, the licensee inform the client in writing and obtain the client's written permission.

The objective of this proposal is to update Section 54.1 to help ensure that the clients of licensees have the information they need to make informed choices regarding the disclosure of their financial information.

## **FISCAL IMPACT ESTIMATES**

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: None.

Nondiscretionary Costs/Savings to Local Agencies: None.

Local Mandate: None.

Cost to Any Local Agency or School District for Which Government Code Section 17561 Requires Reimbursement: None.

### Business Impact:

The California Board of Accountancy has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

AND

The following studies were relied upon in making that determination: None.

### Impact on Jobs/New Businesses:

The California Board of Accountancy has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

### Cost Impact on Representative Private Person or Business:

The California Board of Accountancy is not aware of any significant cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Effect on Housing Costs: None

## **EFFECT ON SMALL BUSINESS**

The California Board of Accountancy has determined that the proposed regulation would affect small businesses.

## **CONSIDERATION OF ALTERNATIVES**

The California Board of Accountancy must determine that no reasonable alternative which it considered or that has otherwise been identified and brought to its attention would either be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposal described in this Notice.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

## **INITIAL STATEMENT OF REASONS AND INFORMATION**

The California Board of Accountancy has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

## **TEXT OF PROPOSAL**

Copies of the exact language of the proposed regulations and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the California Board of Accountancy at 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

## **AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE**

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons, once it has been prepared, by making a written request to the contact person named below or by accessing the Web site listed below.

## **CONTACT PERSON**

Inquiries or comments concerning the proposed administrative action may be addressed to:

Name: Aronna Granick  
Address: California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815

Telephone No.: (916) 561-1788  
Fax No.: (916) 263-3675  
Email Address: [agranick@cba.ca.gov](mailto:agranick@cba.ca.gov)

The backup contact person is:

Name: Mary Crocker  
Address: California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815

Telephone No.: (916) 561-1713  
Fax No.: (916) 263-3675  
Email Address: [mcrocker@cba.ca.gov](mailto:mcrocker@cba.ca.gov)

Inquiries concerning the substance of the proposed regulations may be directed to Aronna Granick at (916) 561-1788.

**Web site Access:** Materials regarding this proposal can be found at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).

## TEXT OF PROPOSAL

### 54.1. Disclosure of Confidential Information Prohibited.

(a) No confidential information obtained by a licensee, in his or her professional capacity, concerning a client or a prospective client shall be disclosed by the licensee without the written permission of the client or prospective client, except for the following:

~~(a)~~(1) disclosures made by a licensee in compliance with a subpoena or a summons enforceable by order of a court;

~~(b)~~(2) disclosures made by a licensee regarding a client or prospective client to the extent that the licensee reasonably believes that it is necessary to maintain or defend himself/herself in a legal proceeding initiated by that client or prospective client;

~~(c)~~(3) disclosures made by a licensee in response to an official inquiry from a federal or state government regulatory agency;

~~(d)~~(4) disclosures made by a licensee or a licensee's duly authorized representative to another licensee in connection with a proposed sale or merger of the licensee's professional practice;

~~(e)~~(5) disclosures made by a licensee to (1) another licensee to the extent necessary for purposes of professional consultation and to (2) professional standards review, ethics or quality control peer review organizations;

~~(f)~~(6) disclosures made when specifically required by law.

(b) In the event that confidential client information may be disclosed to persons or entities outside the United States in connection with the services provided, the licensee shall so inform the client in writing and obtain the client's written permission.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code.

Reference: Section 5018, Business and Professions Code.

# QUALITY...COMMITMENT...RESULTS

## APPOINTMENT OPPORTUNITIES TO BOARD COMMITTEES

**Deadline to Apply: September 15, 2004**

The Board is actively recruiting licensees with diversified backgrounds who have the technical skills, the interest, and the commitment to serve on either the Administrative Committee or the Qualifications Committee for the year 2005. Being a committee member is an opportunity to actively participate in the regulation of the accountancy profession and to become an integral part of an organization charged with providing consumer protection amidst changing consumer demographics and the evolving nature of the profession. Your service benefits both the consumer and the profession.

Committee appointments are for a term of two years; appointed individuals may serve a maximum of four terms. Committee members receive a per diem of one hundred dollars for each day spent in the discharge of official duties and are reimbursed under state policies for travel and other expenses incurred in the performance of committee duties.

Each committee's activities and required time commitments vary and are as follows:

### ADMINISTRATIVE COMMITTEE

The Administrative Committee assists the Board in an advisory capacity with its enforcement activities by receiving and investigating complaints against licensees. The committee monitors enforcement investigations, conducts investigative hearings, and may recommend a course of action upon the conclusion of investigations. The committee also considers, formulates and proposes policies and procedures related to the Board's Enforcement Program. This committee is limited by statute to a membership of 13 licensees. It meets four to five times a year, generally for one day, alternating between a northern and southern California city.

### QUALIFICATIONS COMMITTEE

The 14-member Qualifications Committee acts as an advisory committee and assists the Board in its licensure activities by reviewing the accounting and attest experience of applicants for licensure and making recommendations to the Board. This responsibility includes conducting work paper reviews, with the applicant or employer present to respond to inquiries. These procedures are designed to verify that the responses provided on the Board's Form E concerning the applicant's attest experience are appropriate and that the requirements for licensure have been met.

The following characteristics are sought in members of the Qualifications Committee:

- Regularly sign attest reports and have extensive experience in performing audits and reviews in a variety of industries.

- Typically have a minimum of ten years' experience, are a partner or equivalent, and have strong familiarity with accounting and auditing pronouncements.
- Have completed the 24-hour Accounting & Auditing continuing education requirement for each license renewal cycle.

Members represent all sizes of firms and a balance from both the northern and the southern part of the state.

The committee meets four times annually, generally for one day, for a total commitment of approximately four to six days annually.

If committee membership interests you, please submit a letter of intent with a résumé or *curriculum vitae*, including your CPA license number and the name of the committee in which you are interested.

Please mail your letter of intent and résumé to:

Carol Sigmann, Executive Officer  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, California 95815-3832

As an alternative, you may submit your letter of intent and résumé as attachments via email directly to [kcook@cba.ca.gov](mailto:kcook@cba.ca.gov). Please do not submit any documents with macros.

Letters of intent with résumés are requested **no later than September 15, 2004.**

All applicants requesting appointment to a Board advisory committee must be actively licensed to practice public accounting for a minimum of two years prior to the appointment and, if appointed, maintain an active license status during tenure on the committee. There must be no pending enforcement actions against the licensee. Candidates also will be reviewed for any results of Report Quality Monitoring Committee, Sections 69 and 89.1 work paper and continuing education reviews. Each committee chair will interview qualified applicants and make recommendations to the Vice President of the Board. If an applicant is recommended for appointment, that name will be placed on the agenda for adoption by the Board at its November meeting.

If you have additional questions about committee responsibilities, committee member qualifications, or the appointment process, please telephone Ms. Kathleen Cook of the Board's staff at (916) 561-1784 or email her at [kcook@cba.ca.gov](mailto:kcook@cba.ca.gov).



**New  
Phone Numbers**

**California Board of Accountancy Directory**

**Board Office (Main Number)** ..... (916) 263-3680  
**Board Office Facsimile** ..... (916) 263-3675  
**License Status Check** ..... (916) 263-3680  
..... [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)  
**General Examination Questions** ..... [examinfo@cba.ca.gov](mailto:examinfo@cba.ca.gov)  
..... (916) 561-1703  
..... Facsimile (916) 263-3677 or (916) 614-3253  
**Enforcement Information and Questions** ..... [enforcementinfo@cba.ca.gov](mailto:enforcementinfo@cba.ca.gov)  
..... (916) 561-1729  
..... Facsimile (916) 263-3673  
**Certifications** ..... (916) 561-1701  
**Initial Licensing — Individual:** ..... [licensinginfo@cba.ca.gov](mailto:licensinginfo@cba.ca.gov)  
..... [fingerprinting@cba.ca.gov](mailto:fingerprinting@cba.ca.gov)  
..... (916) 561-1701  
..... Facsimile (916) 263-3676  
**Initial Licensing — Partnerships, Corporations, Fictitious Names:** .... [firminfo@cba.ca.gov](mailto:firminfo@cba.ca.gov)  
..... (916) 561-1701  
..... Facsimile (916) 263-3676  
**Renewal for CPA/PA, Partnerships, Corporations, Continuing Education:**  
..... [renewalinfo@cba.ca.gov](mailto:renewalinfo@cba.ca.gov)  
..... (916) 561-1702  
..... Facsimile (916) 263-3672  
**Web Site Address** ..... [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)  
**Web Page Master** ..... [pagemaster@cba.ca.gov](mailto:pagemaster@cba.ca.gov)  
**General Inquiries** ..... [editor@cba.ca.gov](mailto:editor@cba.ca.gov)

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SACRAMENTO CA

Department of Consumer Affairs  
**California Board of Accountancy**  
2000 Evergreen Street, Suite 250  
Sacramento, California 95815  
(916) 263-3680  
[www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)